

2007 Retirement and Independent Entities - Related Bill Summaries and Potential Study Items

Passed During the 2007 General Session

** Indicates bills recommended by the Retirement and Independent Entities Interim Committee during the 2006 interim (6 of 6 passed)*

***1st Sub. H.B. 7 State Post-retirement Benefits Trust Fund** *(Rep. K. Grover)*

This bill establishes a trust fund to accumulate monies to pay post-retirement benefits.

This bill:

- ▶ creates a trust fund to pay for post-retirement benefits;
- ▶ creates a board of trustees to act as the trustee of the trust;
- ▶ establishes investment criteria for the state treasurer in investing the trust assets; and
- ▶ directs the Division of Finance to transfer certain monies into the fund.

***H.B. 8 Retirement Office Amendments** *(Rep. D. Clark)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending definitions, and making certain technical and administrative amendments.

This bill:

- ▶ amends the definition of allowance by adding "or retirement allowance";
- ▶ amends the definition of "political subdivision" by providing that a project entity created under the Interlocal Cooperation Act is not a political subdivision if it was formed prior to 1987;
- ▶ requires that retirement contributions made by a participating employee for a retiree that is subject to postemployment retirement restrictions shall be made to a "qualified" defined contribution plan;
- ▶ adds "covered individual" to those whose benefits are not subject to alienation, assignment, or attachment for legal purposes;
- ▶ allows the executive director to delegate certain dispute rulings to the deputy director;
- ▶ provides that Option One retirement allowance is only payable to the member during the member's lifetime for the Public Employees' Contributory and Noncontributory systems;
- ▶ adds "mentally" able to resume firefighter service to the examiners report for a determination regarding disability benefits;
- ▶ allows reserves in an insurance risk pool to be refunded directly to covered individuals;
- ▶ repeals a requirement that employees not be allowed to change from the high deductible health plan more frequently than every three years and

- replaces it with a provision that the program must be administered so that the impact on the overall health plan is actuarially neutral;
- ▶ requires the office to consult with covered employers in addition to certain state agencies prior to determining the amount of annual contributions to a health savings account;
- ▶ changes references to eligibility to receive a "retirement benefit" to eligibility to receive a "retirement allowance" to clarify provisions of the Unused Sick Leave Retirement Option Program I and II; and
- ▶ makes technical changes.

***H.B. 9 Health Care Cost and Quality Data** *(Rep. M. Morley)*

This bill amends the Health Data Authority Act to authorize the Health Data Committee, as funding is available, to collect data on the costs of episodes of health care, and as funding is available, authorizes the Department of Health to develop a plan to measure and compare costs of episodes of care.

This bill:

- ▶ amends the powers and duties of the Health Data Committee;
- ▶ authorizes the Health Data Committee to develop and adopt a plan for the collection and use of health care data related to cost of episodes of health care; and
- ▶ makes implementation of the plan contingent on funding.

***H.B. 13 Workers' Compensation Fund - Board Amendments** *(Rep. D. Clark)*

This bill modifies provisions related to the Workers' Compensation Fund to address issues related to its board of directors.

This bill:

- ▶ modifies how terms of directors on the board are staggered; and
- ▶ changes how directors are paid from per diem and expenses approved by the Division of Finance to compensation and reasonable expenses approved by the board and subject to a cap on compensation.

***H.B. 21 Public Safety Retirement Conversion Window** *(Rep. M. Newbold)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by providing a conversion window between the Public Safety Contributory Retirement System and the Public Safety Noncontributory Retirement System.

This bill:

- ▶ provides a conversion window between the Public Safety Contributory Retirement System and the Public Safety Noncontributory Retirement System.

2nd Sub. H.B. 260 Post Retirement Employment *(Rep. G. Donnelson)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending reemployment restrictions for certain retirees.

This bill:

- ▶ defines "agency" to clarify the applicability of reemployment restrictions for certain retirees; and
- ▶ makes technical changes.

H.B. 337 Local Government Post-employment Benefit Trust Funds Amendments *(Rep. K. Grover)*

This bill modifies the State Money Management Act by amending provisions related to local government OPEB (other post-employment benefits) trust funds.

This bill:

- ▶ provides that local government OPEB trust funds are exempt from the requirements to invest monies in certain assets;
- ▶ defines certain terms;
- ▶ requires all local government OPEB trust fund monies in the custody of a public treasurer to be established in a separate trust fund;
- ▶ requires monies in a local government OPEB trust fund to be deposited or invested in certain types of assets that meet certain criteria;
- ▶ provides that the state treasurer may develop and offer a variety of asset allocation options for monies in an OPEB trust fund and review the options for efficiency as needed;
- ▶ allows the state treasurer to charge an administrative fee for cost incurred in the management of local government OPEB funds within an asset allocation option; and
- ▶ makes technical changes.

S.B. 131 Retirement and Independent Entities Committee *(Sen. C. Bramble)*

This bill modifies the Independent Entities Code by amending the membership of the Retirement and Independent Entities Committee.

This bill:

- ▶ increases the number of legislators on the Retirement and Independent Entities Committee; and
- ▶ increases the number of senators on the committee from five to six.

S.B. 247 Retirement Systems Membership Exclusions *(Sen. M. Dmitrich)*

This bill modifies the Utah State Retirement and Benefit Act by adding certain positions that may be excluded from membership in the Public Employees' Contributory Retirement System and the Public Employees' Noncontributory Retirement System.

This bill:

- ▶ allows certain employees of an interlocal cooperative agency to be excluded, upon written request, from coverage in the Public Employees' Contributory Retirement System and the Public Employees' Noncontributory Retirement System.

Introduced but not passed during the 2007 General Session

H.B. 12 Additional State Retirement Benefit *(Rep. L. Shurtliff)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by authorizing an additional retirement benefit for certain retirees.

This bill:

- ▶ increases the retirement allowance of members of the Public Employees' Contributory Retirement System with service prior to July 1, 1975; and
- ▶ increases the retirement allowance of members of the Public Employees' Noncontributory Retirement System with service prior to July 1, 1975.

1st Sub. H.B. 198 Public Safety Retirement *(Rep. R. Bigelow)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by increasing the cost-of-living and certain death benefit allowances for members of the Public Safety Retirement Systems.

This bill:

- ▶ increases the cost-of-living allowance for members of the Public Safety Contributory Retirement System;
- ▶ increases the cost-of-living allowance for members of the Public Safety Noncontributory Retirement System;
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Contributory Retirement System;
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Noncontributory Retirement System;
- ▶ provides that a portion of the tax on property insurance and life insurance shall be used to fund the increase in the public safety cost-of-living allowance and surviving spouse benefit; and
- ▶ repeals the Public Safety Retirees' Cost-of-Living Increase Restricted Account and provides intent language that remaining monies in that account shall lapse into the General Fund.

H.B. 294 Benefits and Insurance of Constitutional Officers *(Rep. M. Noel)*

This bill modifies state officer compensation to extend postretirement health insurance coverage to certain state constitutional offices.

This bill:

- ▶ provides that a lieutenant governor, attorney general, state auditor, or state treasurer that retires after July 1, 2007, may apply to receive the same postretirement health insurance benefits provided for governors and legislators and their surviving spouses; and
- ▶ makes technical changes.

H.B. 325 Public Employees 25 Year Retirement *(Rep. N. Hansen)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by decreasing the years of service required to qualify for an unreduced retirement allowance for members of the Public Employees' Noncontributory Retirement System.

This bill:

- ▶ decreases the years of service required to qualify for an unreduced retirement allowance from 30 to 25 for members of the Public Employees' Noncontributory Retirement System; and
- ▶ makes technical corrections.

H.B. 377 Retirement Benefit Amendments *(Rep. J. Dougall)*

This bill modifies the Utah State Retirement and Insurance Benefit Act to provide for an optional defined contribution retirement plan.

This bill:

- ▶ defines the term "defined benefit";
- ▶ allows new employees hired beginning July 1, 2007 who are eligible to earn service credit under any state retirement system to make a one-time election to:
 - become a member of a defined benefit retirement system for which the employee is eligible; or
 - receive a defined contribution in lieu of a defined benefit;
- ▶ allows current employees who are eligible to earn service credit under any state retirement system to make a one-time election to:
 - stay a member of a defined benefit retirement system; or
 - receive a defined contribution in lieu of a defined benefit;
- ▶ provides that earned service credit and contributions in a defined benefit system remain in the system until the person retires;
- ▶ provides that, subject to federal limitations, the defined contribution amount is at least the same percentage of salary that is being contributed for similar employees in a defined benefit system including any supplemental contributions;
- ▶ provides a minimum defined contribution amount;
- ▶ provides that the defined contribution amount for a governor or a legislator is the same percentage of the governor's or legislator's salary that is provided to an active member of the Public Employees' Noncontributory Retirement System; and

- ▶ makes technical changes.

2nd Sub. H.B. 377 Retirement Benefit Amendments *(Rep. J. Dougall)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by adding certain positions that may be excluded from membership in the Public Employees' Noncontributory Retirement System.

This bill:

- ▶ allows a person who begins employment on or after July 1, 2007, with the Department of Technology Services to be excluded, upon written request, from coverage under the Public Employees' Noncontributory Retirement System;
- ▶ allows a person who begins employment on or after July 1, 2007, with the Department of Transportation to be excluded, upon written request, from coverage under the Public Employees' Noncontributory Retirement System; and
- ▶ makes technical changes.

H.B. 387 Post-retirement Benefits Restrictions *(Rep. J. Dougall)*

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending reemployment restrictions for certain retirees.

This bill:

- ▶ provides that employees that are reemployed prior to April 30, 2007 by a participating employer may be given a defined contribution at the same percentage of a retiree's salary that the participating employer would have been required to contribute if the retiree were an active member;
- ▶ requires a participating employer that hires a retiree beginning April 30, 2007, to contribute 1.5 percent of the retiree's salary to a retiree designated defined contribution plan;
- ▶ prohibits a participating employer from providing health care coverage to the retiree or the retiree's dependents during any period that the retiree is the primary covered individual of a post-retirement health insurance plan;
- ▶ provides for certain exceptions; and
- ▶ makes technical changes.

S.B. 39 Public Safety Retirement Death Benefit Modifications

(Sen. J. Greiner)

This bill raises the cap on the death benefits of retired members of the public safety retirement systems.

This bill:

- ▶ raises the cap on the death benefits of retired members of the Public Safety Contributory Retirement System; and

- ▶ raises the cap on the death benefits of retired members of the Public Safety Noncontributory Retirement System.

Study items from H.J.R. 14 Master Study Resolution

- _____ **195. Benefits and Contributions** - to study issues related to defined benefits and defined contributions.
- _____ **196. Health Reimbursement Arrangements** - to study health reimbursement arrangements for state employees.
- _____ **197. Post-Retirement Employment Restrictions** - to study whether the Legislature should implement additional recommendations from the December 2006 Performance Audit of Post-Retirement Re-employment (H.B. 260).
- _____ **198. Public Safety COLA** - to study providing the option to participating employers to provide an additional 1.5 percent COLA to public safety retirees.
- _____ **199. Retirement Benefits Consent** - to study requiring spousal consent on retirement benefits.

Other requested study items

- _____ **a.** Qualified Domestic Relations Order - the division of defined contribution savings plan monies with a spouse in the case of a divorce (Sen. Hillyard's additional request)
- _____ **b.**
- _____ **c.**
- _____ **d.**